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PAMPHLETS

CHAOS
or
RECONSTRUCTION?

Raymond Leslie Buell

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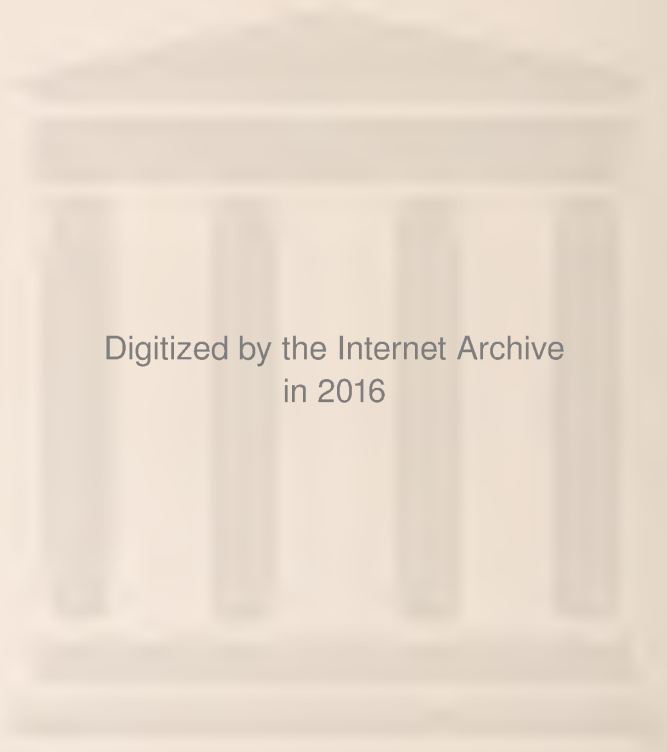

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R. L. B.

CHAOS *or* RECONSTRUCTION?

by

RAYMOND LESLIE BUELL

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During the past five years two great powers, Japan and Italy, have seized large areas of territory in violation of treaties and international law. A third great power, Germany, has been able to tear up most of the "unequal" provisions of the Treaty of Versailles, but so far it has not succeeded in acquiring new lands. Suffering from overpopulation, convinced of the righteousness of its cause, developing immense military power and already operating on a war economy, Germany may be tempted to strike during the coming year or two. Unlike Italy and Japan, which seized the territory of "backward" and friendless peoples, Germany's chief hope of territorial expansion lies in Europe and at the expense of states protected by a network of alliances. To the great democratic powers and Soviet Russia, conquests in the Orient and Ethiopia have been of only secondary importance. But if Germany is to equal the exploits of Italy and Japan, it must, because of its position, strike at a primary or vital interest of some great power. In the process it may precipitate a world war. The next few years will determine whether this catastrophe will recur, or whether some peaceful compromise between Germany and the other great powers can be effected establishing a comparatively stable equilibrium.

I
A FASCIST INTERNATIONAL?

The year 1936 was marked by four major attacks on the democratic powers and international organization. The first was the conquest of Ethiopia by Italy in May, despite the efforts of the League of Nations. The failure of Geneva was not due to any technical defect in the Covenant or the principle of sanctions, but to the fact that in a heavily armed world the fate of the Covenant depends on the willingness of a few great powers to

take the same risk on behalf of the League that an aggressor is willing to take on behalf of war. The Ethiopian incident indicated that Britain and France were willing to take such a risk only when their "vital" interests were involved. To small powers, which had supported the Covenant loyally, this revelation was disillusioning. A "League" which functioned on behalf of great power interests was more dangerous for weak states than the pre-war conception of neutrality. The Ethiopian experience demonstrated that a really collective system will come into existence only when the divergent interests of the great powers are equitably compromised, when armaments are genuinely reduced, and when great and small powers are willing to place their forces behind principles of international law rather than fluctuating and opportunist national policies. Eventually the League ideal should triumph in one form or another if the United States assumes some international responsibilities, but for the next year or so the great powers may indulge in feverish bargaining and feverish rearming. For the moment, the League system has given way to unabashed power-politics. The result may be another general war, or a political and economic settlement between the conflicting powers laying the foundation for a fresh effort at international organization.

The second great event of the year occurred on March 7 when Hitler denounced the Locarno agreement of 1925 guaranteeing the peace of western Europe, and marched his troops into the Rhineland area which had been demilitarized by the Treaty of Versailles. Despite their protest, neither France nor Britain imposed sanctions against Germany; Hitler's troops remain in the Rhineland today and German forts are being erected there.

As long as the Rhineland remained open to invasion, France could render effective assistance to its allies in Central Europe in case of German attack. But the construction of German forts obstructs French intervention. Consequently, the allies of France asked themselves: "If France would not protect its own interests, can we expect it to come to our aid?" It was assumed that henceforth Germany would have a much freer hand in Central Europe and that France's allies would gravitate toward Berlin. The removal of Rumania's pro-French Foreign Minister, Titulescu, in the summer of 1936 and the declaration made in October by King Leopold to the effect that

Belgium would give up its alliance with France and return to a policy of "neutrality" were regarded as German victories resulting from Hitler's Rhineland coup.

The third event, overshadowing both Ethiopia and the Rhineland, has been Hitler's crusade against bolshevism. The Nazi party in Germany had fought many street battles with Communists before taking power, and in March 1936 Hitler told the Reichstag: "It is impossible to build a 'connecting' bridge between the bolshevik revolution and neighboring states. Europe is divided into two parts—the area dominated by the national cultures of the Western World, and the area governed by that 'intolerable bolshevik doctrine' which preaches 'destruction.'" It was Germany's mission to save European civilization from the "bolshevik-Jewish" danger. "Europe Awake" became the Nazi watchword.

To meet the Fascist menace, the Communist International in 1935 had taken the initiative in instructing Communist parties throughout the world to drop their demand for world revolution and form Popular Front coalitions with socialist and liberal parties. As a result of this policy, Popular Front governments came into power in France and Spain during 1936. To Hitler, such governments were hardly distinguishable from communism. While he was undoubtedly sincere in this crusade, he used it as a weapon to maintain a feverish internal discipline and at the same time obtain foreign support for seizure of Russian territory.

Until the outbreak of the Spanish civil war in July, the "war against bolshevism" consisted largely of an exchange of verbal insults between Berlin and Moscow. The fourth major event was the outbreak of the Franco revolt against the Spanish Popular Front government. Germany and Italy at once extended aid to the Rebels in violation of international law. Admittedly a danger existed that, with the growth of extremism provoked by the civil war, the Spanish Popular Front government might give way to the first soviet régime in Western Europe. But this danger also served as a pretext for advancing the nationalist interests of Germany and Italy. A Fascist victory in Spain might create a similar situation in France, thus weakening the republic, injure the strategic position of both France and Britain, and give the Fascist powers exclusive access to Spain's raw materials. The extent to which Germany and Italy would go in prosecuting these ends

would depend largely on the resistance offered by Britain and France. In any case the intervention served to increase the bargaining position of both countries. In return for withdrawing from Spain, Germany and Italy expect to extract concessions from France and Britain.

Under a real League system, Germany and Italy should have been hailed before the Geneva Council and ordered to stop their violations of Spanish independence. Meanwhile, it would have remained legal for the duly constituted Madrid government to buy arms abroad. Reluctant to face another defeat and weakened by the serious internal troubles of a France gripped by "stay-in" strikes, neither Britain nor France invoked League machinery but merely proposed that all sides agree not to ship arms to Spain. The result was the August non-intervention agreement. But the efforts of Britain and France to secure observance of this agreement proved almost as great a failure as their efforts to keep Italy from conquering Ethiopia. Lacking superior armaments, and unwilling to risk war partly because they placed a higher value on human life than the Fascist states, the two democracies patiently bowed before violations of the non-intervention accord. Soviet Russia, far removed from the scene of action, retaliated, however, by rushing supplies and advisers to Madrid when convinced that the non-intervention accord had broken down. By the end of the year, it was estimated that 30,000 foreigners were fighting with Franco—14,000 Italians, 12,000 Germans, and 4,000 Portuguese, Irish and others; the International Column at Madrid had about 18,000 men—French, Italian anti-Fascists, German anti-Nazis, and others[1]—making a total of about 50,000 foreigners in the Spanish civil war. Technically, the non-intervention agreement did not cover "volunteers" but only material. Nevertheless these figures reflect the degree of outside intervention.

Despite the apparent weakness exhibited by Britain and France, something is to be said for their policy in respect to Spain. Each was playing for time—to enable the Popular Front government in France to consolidate itself, and to allow Britain to rearm and come to terms with Italy. Toward the end of the year both democracies began to stiffen. Meanwhile the expansionist tendency of Germany may have begun to exhaust itself on an

1. Webb Miller's estimate, United Press dispatch, January 7, 1937.

issue which, relatively speaking, is less dangerous to the peace of Europe than, for example, an attack on Czechoslovakia. If Germany fails in Spain, it will find much more difficult the launching of a direct offensive elsewhere. An optimistic view of French and British policy is that it is gradually wearing down Germany and Italy, and that the aggressive inclinations of the former—the latter having already become satiated in Ethiopia—are being sublimated in these indirect interventions and furious word battles.

Before the outbreak of the Spanish war Hitler had removed the principal issue separating Germany from Italy by signing on July 11 an agreement with Austria promising to maintain its independence. Irritated by the September Assembly's insistance on seating the Ethiopian delegates, Mussolini came to terms with Hitler when they issued a statement on October 25 announcing opposition to communism and concerted action in respect to "parallel" interests. For its part, Germany recognized the Italian conquest of Ethiopia. In a speech at Milan on November 1, Mussolini exclaimed that henceforth the Rome-Berlin line would be the axis around which European policy would revolve. He denounced the "illusions" of disarmament, collective security and indivisible peace as "relics of the great shipwreck of Wilsonian ideology." On November 18 Germany and Italy took another step, recognizing General Franco as the legal government of Spain. Since this government had failed to establish its authority, such recognition undoubtedly constituted a further intervention in Spanish affairs. On November 25 Hitler created another sensation by publishing the terms of a German-Japanese agreement pledging both governments to joint action against communism. He hoped that this would serve as the basis for a world accord against bolshevism. By these successive steps many believed that a Fascist International was coming into existence which threatened to dominate Europe if not the Orient, and that the German-Japanese accord included a secret alliance directed against Moscow.

Meanwhile Germany is concentrating its energies on a vast rearmament program and a four-year plan, the purpose of which is to relieve Germany of dependence on the outside world for raw materials. On August 24 Hitler increased the period of military service from one to two years. Instead of an army of 36

divisions of 550,000 men, as stated in the Army Law of March 1935, the new German army will probably comprise 48 divisions, with a total strength of nearly a million men—in contrast to 450,000 French troops in Continental Europe. The *Reichswehr* will include 8 armored divisions, each consisting of 2000 tanks and armored cars, which may be dispatched on an instant's notice to any frontier and will have a terrific striking power.

Germany has also attempted to build up an exclusive economic position in Central Europe, while during the past year Nazi propaganda, looking eventually to the establishment of a Nazi federation of Central European and Baltic states, was far more virulent than Communist propaganda for world revolution. The fear of social disturbances in France and elsewhere for a time increased the belief that the onward march of fascism is invincible. Had not Germany found true allies in Italy and Japan—all bound together by the fervor of belief and the hatred of bolshevism?

II
THE DEMOCRACIES GAIN STRENGTH

Despite these setbacks to the democracies, a number of factors in the international situation are working against the outbreak of general war and particularly against further aggressions by the Fascist powers. In Germany least of all does one find the view that war is imminent or inevitable. Admittedly this country is making a formidable effort to build up a powerful army. But adequate non-commissioned officers and trained troops are still lacking; and some material, such as airplanes and tanks, seems defective in quality.

An additional difficulty in going to war is that Germany lacks raw materials. The Nazis may prefer cannon to butter, but no modern army can fight without stocks of iron, petroleum, nickel and rubber. Despite the four-year plan, it is doubtful whether Germany can find adequate synthetic substitutes for all of these materials, and its lack of foreign exchange would seem to hamper it in buying large stocks abroad.

Whether Germany will go to war during the next year or two will depend on the strength and unity of the world and Hitler's ability to obtain allies. The reaction in Britain following the

Italian conquest of Ethiopia, coupled with the social difficulties within France, created the impression that both France and Britain were weak and divided on foreign policy. Recent events have served to change this opinion. The inherent moral strength of British democracy was illustrated not only by the forced resignation in June of Mr. J. H. Thomas, who was accused of being a source of budget "leaks," but also by the promptness and dignity with which the country in December solved the grave constitutional crisis arising out of King Edward's desire to marry a twice-divorced American. Britain, moreover, has embarked on an intensive rearmament program which, in spite of the charges made by Mr. Churchill in the November armament debate in the House, is already serving to stabilize European peace.

Similarly, the internal difficulties in France have become less acute. Carrying out a social revolution by peaceful means, the Blum government has enacted a series of much needed social reforms which in many ways parallel the New Deal in America. By devaluing the franc it has laid the basis for a liberal economic recovery, while by refusing to be drawn into the Spanish civil war Blum has disproved the conservative contention that he is the tool of his Communist supporters. Altogether, the domestic and foreign policy of the Blum government may have averted civil war in France and a general war in Europe. Despite the hatred and falsehoods vented by extremists on the Right and Left, business recovery seems to be taking place. In some ways it is remarkable that the French Popular Front government has stayed in office six months, and there is no sign whatever that the country will be overcome by a civil war such as that which has ravaged Spain. Should an unforeseen internal crisis yet arise, France would instantly unite in case of German attack.

Outnumbered nearly two to one by Germany, France cannot attempt to match Hitler's increases in man-power. Steps are being taken, however, to increase the quality and strength of French airplanes, as well as the mobility and striking power of new formations. Many branches of French material are already the best in the world. In November Premier Blum publicly declared that France is "at the present time, with the exception of the Soviet Union, still the most powerful military force in Continental Europe. The truth is that her naval strength has been constantly increasing in the last few years and that her air

force, about which we have heard so many false rumors, is at least equal to any other air force in Europe."

Behind the new armies of Britain and France loom the vast forces of Soviet Russia. Between 1933 and 1936 this power increased its army from 562,000 to 1,300,000 men. The Russian tank units and air force are the most numerous in the world, while the Russian navy is being rapidly increased. Through the development of naval bases at Murmansk and other Arctic ports, and the use of ice-breakers, the Soviet Union hopes to keep open communications between the Atlantic and Pacific oceans via Siberia even though hostile fleets close the Baltic Sea and the Suez and Panama Canals. To assure the loyalty of its population in the event of war with Germany, Soviet Russia not only relaxed the severity of the agricultural régime but in December adopted a new constitution. Since only Communist-approved candidates may stand for election, the new constitution may not actually establish democracy. It may lead to increased personal liberties for the masses, however, and soften the severity of the régime.

Although the alliance between Moscow and Paris has perhaps been weakened by Soviet assistance to Madrid during the civil war, there is no indication that France will terminate this alliance to please Germany. Many French statesmen believe that if this alliance were terminated, Germany and the Soviet Union would at once come to terms at the expense of Western powers. *Reichswehr* officers still desire an understanding with Moscow, on the ground that Germany can win a successful war only if it has access to Russian raw materials. Despite the insults exchanged by Moscow and Berlin, the internal régimes of both countries are becoming more and more alike. Behind this war of ideologies lie fundamental national interests and, if Hitler believed that these interests would be advanced by an understanding with the Soviet Union, no doubt he would find means to justify one more departure from the teachings of *Mein Kampf*. It is this fear which partly explains why France clings to its agreement with Moscow.

The Blum government, nevertheless, has failed to conclude a military convention specifying the precise aid to be given the Soviet Union in case of attack. Such a convention, without which the alliance remains only of moral importance, would

close the door to conciliation with Germany, M. Blum apparently believes, and constitute a great internal triumph for the Communist party. Meanwhile French conservatives, such as Flandin and Mandel, demand that the convention be made for reasons of security, but by a Right government!

In addition to increasing their strength, France and Britain have moved extremely close to each other during the past six months; and both are determined to restore the authority of the League of Nations and to work for a policy of general appeasement in Europe. On November 5 Foreign Minister Eden told the House of Commons that "it would be difficult to recall a time" when relations between France and Britain were better. In an exchange of speeches the latter part of the year, the British and French Foreign Ministers declared that their respective countries would instantly come to each other's defense in case of attack. Although these speeches reaffirmed, in more sweeping language, the pledges exchanged following Hitler's reoccupation of the Rhineland in March, their iteration at a time of international tension had a great psychological effect.

In a speech at Leamington on November 21 Foreign Minister Eden went so far as to declare that British arms would "never be used for a purpose inconsistent with the Covenant of the League or the Pact of Paris." At Bradford on December 14 Mr. Eden added: "The world has become so small—and every day with the march of science it becomes smaller—that a spark in some sphere comparatively remote from our own interests may become a conflagration sweeping a continent or a hemisphere. We must, therefore, be watchful at all times and in all places. We cannot disinterest ourselves from this or that part of the world in a vague hope that happenings in that area will not affect us. We must neither mislead others or be misled ourselves by any of those comfortable doctrines that we can live secure in a Western European glass house. It is for this reason that I have again and again insisted that the foreign policy of our country, with its many and comprehensive interests must work for a comprehensive settlement." Although Britain does not propose to extend the automatic Locarno commitments to Central Europe, this statement stands in marked contrast to the attitude taken by many Englishmen following the Ethiopian

crisis that Britain would follow a policy of "neutrality" in the event of a war outside Western Europe. Germany's refusal to answer the British questionnaire of May 8 relative to Hitler's peace proposals, the German anti-Communist pact with Japan, German intervention in Spain, and a number of provocative speeches on the part of Goering and Goebbels, however, virtually eliminated the possibility of a direct understanding between Britain and Germany at the expense of France, which at one time some prominent Englishmen favored. Apparently Hitler had hoped that Britain, as well as Poland, Finland and the Central European states, would accede to the anti-Communist pact concluded with Japan. Instead, British opinion bitterly suspected that this pact had been made at the expense of the British Empire. The fact that not even Austria or Hungary joined the anti-Communist "bloc" would seem to prove that Nazi sentiment outside Germany is much weaker than had been supposed. Nevertheless during 1937 Germany and Italy will probably continue their efforts to separate France, governed by the Popular Front, from Britain, governed by conservatives. For this purpose the Communist bogey will be employed. It remains to be seen whether the French and British governments will sacrifice common national interests to differences in social ideology. Although Germany and Italy will probably fail to wean Britain away from France, they may prove sufficiently strong to induce France to terminate its alliance with Soviet Russia as the price of their withdrawal from Spain.

In contrast to 1914, Britain is openly committed to defense of the Western frontier. France, in turn, is committed to defense of Soviet Russia and the three Little Entente countries of Central Europe. Although legally Britain may not be obliged to support France in case the latter goes to the assistance of the Soviet Union at war with Germany, in fact Britain will probably be involved. During 1936 France and Britain have steadily grown stronger and closer together. The result has been to create the hope in Central Europe that Germany will not dare to attack. While refurbishing their arms, Britain and France remain willing to make economic concessions to Germany and consider its legitimate grievances, but only on condition that Hitler abandon a foreign policy based on threats and agree to return to the League. Particularly in France, the old juridical insistence on "security"

and the *status quo* has given way to more realistic methods of finding a new equilibrium.

Finally, Germany's attempt to break up the French alliances in Central Europe and to secure dependable alliances of its own has not yet been successful. Poland, which three years ago virtually abandoned its French alliance for Germany, has again moved toward the French camp, disturbed at German designs on Danzig. Despite the overthrow of Titulescu in Rumania, the ties binding the Little Entente states to Central Europe were strengthened by the Bratislava conference of September, the subsequent visit of Prince Carol of Rumania to Prague, and Mussolini's Milan speech of November 1 favoring Hungary's demands for treaty revision. During the fall of 1936 relations markedly improved between Yugoslavia and Rumania, between Rumania and Czechoslovakia, and between Rumania and Poland. In November the two latter countries strengthened their alliance. Neither wishes to become the battleground of a war between Soviet Russia and Germany. Unlike Czechoslovakia, they are not willing to accept an alliance with Moscow due to the fear of communism. Nevertheless, by forming a vast corridor separating Germany from the Soviet Union, these two states hope to maintain the peace of Central Europe. Both still rely on French support and, in spite of continuing ill will between Warsaw and Prague, it is to the interest of Poland and Rumania to protect Czechoslovakia from German attack.

Despite the fears to the contrary, Austria remains independent of Germany. In November Chancellor Schuschnigg publicly stated that nazism was Austria's greatest enemy. The death of Goemboes and Mussolini's treaty revisionism have placed Hungary decisively in the Italian camp. While Mussolini, as a result of the October entente, is willing to play for a time the German game with respect to Locarno and Spain, Italy remains fundamentally opposed to German domination of Central Europe. In possession of the Styrian iron mines, as well as Vienna, German military and industrial leadership could dominate the Balkans and threaten both the Italian Tyrol and Trieste. For the time being Mussolini has cleverly diverted Hitler's attention from Austria to Spain.

Moreover, Italy's attitude has been influenced by the fact that during the past year Britain has slowly recovered its position in

the Mediterranean, which for a time was threatened by the Italian conquest of Ethiopia. The Montreux convention, signed in July and permitting Turkey to fortify the Dardanelles, improved relations between Turkey, Britain and Soviet Russia. This convention makes Turkey the guardian of the Straits and, in fact, allows the Soviet Union to dominate the Black Sea. Turkey may close the Straits in time of war to the German and Italian fleets, but the convention allows the Soviet fleet to pass freely from the Black Sea to the Mediterranean where it may act with Britain to resist Italian pretensions.

In August Britain took a step of equal importance by concluding an alliance with Egypt liquidating the differences which have divided the two countries since the termination of the British protectorate in 1922. Following an official cruise in the Mediterranean in September Sir Samuel Hoare, First Lord of the Admiralty, made it quite clear that neither Malta nor Cyprus would be scuttled. He indicated that Britain would maintain air squadrons in these places as a defense against Italian attack.

While Britain was thus rehabilitating its Mediterranean position, marked also by improvement of its relations with Greece and Yugoslavia, Mussolini was confronted with the task of developing the Ethiopian Empire. The cost of the war, which exceeded a billion dollars, together with the cost of sanctions, bore heavily on a poor country. Consequently, in October the Fascist authorities took a drastic step and imposed a forced loan of one-fifth of the value of all property—a measure affecting six million property owners, most of whom had no capital. Although Mussolini declared in 1926 that he would "defend the lira to the last drop of my blood," he devalued it in October 1936 by 41 per cent. Mussolini's needs, together with increased British strength, pointed the way inevitably to agreement. On December 21 both Britain and France reduced their legations at Addis Ababa to the status of consulates general, although emphasizing that such action did not constitute recognition. On January 2, 1937 Italy and Britain signed an agreement declaring they would respect the territorial *status quo* in the Mediterranean, which probably means that the two powers will support the territorial and colonial integrity of Spain against both Germany and the Soviet Union. While Rome continues to insist that it remains bound to its agreement with Berlin, and Fascist "volunteers" continue to

be sent to Spain, it seems doubtful that Hitler can depend on Mussolini for support in case of a showdown with France or Britain over Spain.

III
IS WAR IMMINENT?

Today one may summarize the international situation in somewhat the following terms: (1) Germany is not technically ready for war, even if it wishes to fight, while the two other aggressive powers, Italy and Japan, wish peace in order to consolidate their recent gains; (2) France, Britain and the Soviet Union are steadily growing stronger while Britain and France have moved very close together; (3) the German effort to break up the French alliances has failed, and the states of Central Europe, as well as Poland and Italy, oppose German expansion to the east. The precarious nature of the October entente between Germany and Italy has been disclosed by the Mediterranean understanding of London and Rome. Nevertheless, the international situation remains highly unstable and dangerous, and none of the underlying problems of Europe has been solved. The world is engaged in a feverish race for rearmament which is bound to lead to economic impoverishment and increase the danger of clashes. The naval limitation treaties of 1922 and 1930 expired in December. Today about 19 per cent of the entire national income of Germany and Soviet Russia is expended for military purposes, 8 per cent in France, 6 per cent in Britain, and 2 per cent in the United States.

Although a deadlock exists at the moment, it may be quickly and unexpectedly overturned. If Central Europe has a bad crop next year, nazism may again become popular in this area. Should revolt break out in any Central European or Baltic state similar to the civil war in Spain—either for internal causes or at German instigation—hostilities would undoubtedly occur between the Soviet Union and Germany because of their proximity to the dispute, even though neither power is technically ready to fight. It is possible that war may also be precipitated on account of the nature of the Hitler régime. A food shortage exists within Germany and the general economic situation seems to be growing more serious. Sooner or later the financial limit of the rearma-

ment program will be reached and, unless Germany finds a productive substitute for this program in international markets of one kind or another, its curtailment may involve social disturbances fatal to the present government. Rather than risk internal disaster, Hitler may prefer the hazard of another foreign adventure. This danger will be increased if the régime unexpectedly finds its prestige involved in an objective which can succeed only by force. Had Mussolini been defeated in his Ethiopian war, fascism's hold on Italy would have been shaken to its foundation. Similarly, should Franco be defeated in Spain, Hitler would suffer a severe blow at home; to ward off such a blow, he may decide to aid Franco openly. If he did this by sending an army of occupation to Spain, France and Britain, which are already stiffening, might precipitate war by retaliating with a naval blockade—for they cannot permit Spain to become a German colony, any more than can Italy.

Under a parliamentary democracy Prime Ministers can be overthrown without disaster; in a dictatorship which has repressed both Parliament and an independent press, one man decides and his decision is inevitably affected not only by the welfare of the country but by his personal position. In the case of Germany the war danger may become particularly intense during the next few months, for during 1937 German rearmament will reach its highest point of superiority over other powers. After that, British and French programs may progressively outdistance German military preparations.

Although long-term factors are against Germany, short-term factors may favor it. Britain and France may feverishly rearm but, if they lack the will to protect Europe as a whole from attack, Germany may obtain a series of quick victories by striking a swift and terrible blow. Despite the difficulty of localizing a war, Germany might overpower a weak and comparatively friendless state before Britain and France summoned up courage to act, and by such means gradually build up a position from which it might be able to reduce stronger adversaries. Should Germany attack France today, either directly or through Belgium or Switzerland, it would at once be opposed by Britain; but in such an event France does not know whether British help will consist of an expeditionary force or merely naval and air aid. Despite its alliances, Czechoslovakia remains uncertain of the type of

help which the Little Entente or France will give it, not to mention Soviet Russia. The time consumed in hesitation will work to the advantage of the swift aggressor.

What if Germany, acting on the Hoffman plan, suddenly invaded Lithuania without a declaration of war?[2] Berlin may believe that France and Britain would limit themselves to calling a meeting of the League Council and, after debate, organize the application of economic sanctions against a Germany already comparatively self-sufficient. League procedure would consume two or three weeks and, even if France mobilized to resist a possible attack on the Soviet Union, the same amount of time might elapse before its army was on a war footing. Meanwhile, having made most careful preparations on land, sea and in the air, Germany would rapidly proceed to dominate the Baltic Sea and the Baltic states, facilitating thereby the quick passage by rail of armored divisions from East Prussia to Leningrad. In absolute control of the Baltic, the German fleet would oblige Denmark to close the Sound so that no foreign fleet could enter. At the same time its guns would speedily induce the Baltic states, already hostile to Soviet Russia, to facilitate rail transport of the German army across their territory. Within two or three days a military, air and naval concentration upon Leningrad might be completed—even before the League Council opened its debate. Some Germans believe that Leningrad could be captured by an overpowering blow and that on its fall a mass uprising, fertilized by the foreign propaganda of Ukrainians, kulaks and other Russian émigrés, would overthrow the Communist régime. In such a case the Russo-German war would be over in a few weeks, and the task of establishing a counter-revolutionary government in Soviet Russia and distributing its limitrophe territories to other powers would arise, without fear of outside intervention. Poland, which at first might attempt to remain neutral, would become greatly alarmed if the Soviet army, in order to cut the German advance through the Baltic, launched a counter-attack through Vilna. In order to safeguard its own territories, Poland might be forced to join Germany and thus overturn the present precarious diplomatic front in Europe. In the Orient, Japan would launch a smashing attack

2. Pierre Frédérix, "Blomberg contre Vorochiloff," *l'Assaut*, November 10, 1936; and Ernst Henri, *Hitler over Russia* (New York. Simon & Schuster, 1936).

on Siberia, which would increase the danger of Russian defeat. Conservatives in every Western country would either approve the Nazi invasion or strongly oppose any League intervention on behalf of the Soviet Union.

Such are undoubtedly the calculations of some members of the Nazi party and the German general staff. These calculations may sound fantastic, but Germany today seems even less informed than in 1914 regarding the attitude of the world. The capture of Leningrad, heavily protected by the Kronstadt base, will be more difficult than it seems; Russians will prove far less ready to revolt against Stalin than the Nazis believe; and League machinery, driven by a more energetic Britain and France and benefiting by experience, may indicate in the future that it can act in an emergency. Nevertheless, to the Nazis, driven by internal considerations, the chance of success may seem worth taking. Should the plans go wrong, a long war could result with all its disastrous consequences, not only in the field of human destruction but social revolution.

If Hitler does not win by striking his swift and overpowering blow, is Germany then doomed? German economy today is better organized for war and public opinion better conditioned than in 1914. The army should soon reach the highest peak of discipline and morale in its history. The government is unhampered by parliamentary procedure, social-democratic obstruction, or a critical press. On the other hand, Germany's strategic position is weaker than it was in 1914, when German divisions could move along internal lines from one strategic point to another with little fear of outside molestation. Today aviation has very largely destroyed this advantage. Berlin and other cities live in constant fear of bombardment from planes crossing every frontier, and the necessity of guarding against this danger has reduced German mobility. The development of a huge mass army, involving a gigantic network of communications, only increases German vulnerability from the air.

From the political standpoint, Germany is confronted by a Soviet Union far stronger in material force and morale than Czarist Russia. It has found no allies to replace Austria-Hungary. Until it dominates Eastern Europe it has no sure sources of the raw materials necessary for a long war. Soviet Russia,

for example, could bombard or blockade the mines in northern Sweden from which Germany now procures iron.

On the other hand, France and Britain are closer than they were in 1914. Britain has taken open and precise commitments in regard to the West and has failed to repudiate its general obligations under the Covenant. Unlike conditions in 1914, the labor movement in the European democracies is no longer pacifist and will support a war to resist Nazi aggression. Both Britain and France will make use of the League system to prove Hitler the aggressor and induce the world to employ economic sanctions against Germany.

Germany's hope of success in a long war depends, first, on its ability to seize the raw materials of Eastern Europe and, second, on its success in keeping the United States out of the war and drawing Italy and Japan in on its side. Far from believing that America will enter the next war, Germany hopes it will apply mandatory embargoes on all belligerents. Such embargoes would injure but little the war economies of Fascist dictatorships; they would greatly weaken France and Britain, depriving them of the advantages of command of the sea. If Italy and Japan could be induced to join the Reich, and the United States were to adopt a policy of mandatory embargoes, Germany would have a good chance of winning even a long war against France, Soviet Russia and Britain.

While it would be to Japan's interest to settle old scores with the Soviet Union if Germany went to war, Italy's attitude would be more difficult to determine. As in 1915, it would probably sell itself to the highest bidder. Mussolini might join France and Britain in return for Tunis and Egypt; or he might back Germany in return for exclusive influence in Austria and the Balkans or a share of the British Empire—terms which Germany could afford to meet if it succeeded in crushing Soviet Russia.

Thus the international deadlock today is extremely precarious. Unless broken by a constructive political and economic settlement between Germany and the other great powers, the danger of war may increase.

IV
SOCIAL TRANSFORMATION

Both in democracies and dictatorships, underneath the warmongering of the present time, a social transformation is taking place which in itself is one cause of international tension. To obtain freedom to carry on internal social experiments as well as protect vested interests, many great countries have attempted to insulate themselves from the world economy through currency devaluation and the imposition of trade barriers. The result has obviously injured international relations. Moreover, the development of intense national mysticisms stressing internal welfare and patriotism creates a demand for expansion, particularly on the part of over-industrialized powers suffering from grave internal maladjustments. When social needs cannot be satisfied by internal reorganization or the customary processes of international exchange, territorial expansion appears as an attractive solution.

In the three Scandinavian countries the process of social change has been longest at work. Although each of the three countries has a Socialist Prime Minister, none practices socialism. Private enterprise remains the basis of economic life, but is tempered and controlled by extensive systems of social insurance, state monopolies of natural resources, government competition with certain types of private enterprise, a highly developed cooperative system, and expert monetary control. The object of government is to produce a degree of economic stability and security, and to bring about the orderly redistribution of wealth. While all of these countries cling to monarchy, they have advanced labor movements, maintain the highest standards of living and constitute the most genuine democracies in Europe. Differences in wealth and station continue to exist, but the spread in income is not so great as in other Western countries, and all classes are bound together by a sense of responsibility to each other and the nation. Scandinavia's success in developing an advanced form of civilization is due to tradition and homogeneity. It is also due to the fact that these countries—with one or two exceptions—have been able to keep out of general European wars for several hundred years. Fundamentally their success can be explained in terms of adult education. The democracy

of Sweden rests upon 15,000 study groups. For years the Folk High Schools of Denmark, which take workers out of active employment and give them a seven-months' course in the humanities, have justly become famous. In addition to their serious accomplishments, Scandinavian people know how to enjoy themselves. They do not need the emotional outlet of the feverish militaristic symbolism employed by the European dictatorships, but utilize more normal and socially useful channels, such as folk songs, dances, gymnastics and national festivals generally.

Despite the lip service paid to socialism, few Scandinavians look forward to the extinction of private enterprise. They believe that state monopolies such as exist in the Soviet Union would reduce, if not terminate, the liberty of consumption now enjoyed. Today a member of a Swedish cooperative may choose between buying at a cooperative or a private store. This is a freedom they do not wish to surrender. In fact, in their emphasis on voluntary cooperative enterprise and education, the Scandinavian peoples demonstrate a healthy hostility to the providential state. They believe in doing things for themselves. Even those who favor complete socialization are frank in asserting that if the price of this goal is repressive dictatorship, it is not worth realizing. To members of both the Scandinavian and British labor parties, democracy is fully as important as social justice.

In Britain, France and the United States this process of social transformation is also taking place. In addition to redistributing wealth through a highly developed system of social insurance and state medicine, Britain is experimenting with public corporations which are gradually widening the socialized sector of British life. By the skillful use of tariff subsidies and guaranteed loans, it is bringing about the rationalization of a number of British industries. During the last thirty years the general standard of living of England has increased and the middle class been strengthened. Britain still has many problems, such as that of relieving the depressed areas and improving nutrition. If its economic nationalism remains unchanged, the cost of living will undoubtedly be increased. Nevertheless, Britain is slowly undergoing a social transformation while retaining the democratic process.

During the past year France has undergone even more striking changes. In 1935 the country seemed to be suffering from anemia,

but today—despite the shrill cries of extremists—the country is demonstrating dynamic qualities. The balance of power has left the hands of the old men; the average age of members of the Blum Cabinet is under 50. No longer controlled by the mythical 200 families, the government now rests with the Popular Front —a Left coalition binding the small bourgeois parties to the French workers. It may be that a truly Left party is coming into existence in France which will overcome the vice of party multiplicity. Since June the French Parliament has enacted 70 pieces of important legislation. Collective wage contracts have been legalized, a 40-hour week established, and an annual vacation for workers of two weeks with pay has been made compulsory. The administration of the Bank of France has been nationalized; a wheat monopoly established, largely for the purpose of keeping the peasants from going Fascist; nationalization of the munitions industry initiated; the compulsory school age raised to 14; state control over the coal industry established; a public works program authorized; and cheap credit extended to small enterprise. Legislation has been passed to purify the Paris press—one of the most corrupt in the world—and to strengthen the libel law. The Blum government has discontinued the practice of subsidizing newspapers by use of secret funds of the Foreign Office; even M. Blum's paper, *Le Populaire,* receives nothing from the government. A Department of Leisure organizes cheap excursions for the workers—500,000 railway tickets were issued last summer—while plans for physical education are being developed. Under the Matignon agreement between capital and labor, the French worker has secured wage increases of from 7 to 15 per cent. Meanwhile, the fear of social revolution voiced by conservatives seems to have diminished, as a result of Blum's rebuffs to his Communist supporters and the government's success in terminating most of the "sit-down" strikes last summer. France, however, has many problems, the most immediate of which is the large government deficit which apparently can be cured only by recovery of business and refunding of the extraordinarily large French debt. Business recovery has not been as rapid as some expected, and pessimists still predict the necessity of a second devaluation and the resurgence of fascism. Nevertheless, France has made a decided break with the past and seems to be undergoing social change, if not moral

purification. At the same time, the democratic process is recovering some of the esteem which was shattered in the series of events leading to the rioting of February 1934.

In November M. Blum made an important speech at the Vélodrome d'Hiver, in which he declared: "France is strong, both politically and diplomatically . . . People abroad know it, although some of them go on repeating that France has been weakened by internal dissension. There is not a word of truth in this. With its increased rights the working class becomes more patriotic than ever. If it is necessary the entire nation will rise like one man to defend its freedom and independence."

In the United States President Roosevelt's astonishing victory in the November elections was evidence that the American public realized social change had become necessary in the land of rugged individualism. In view of the New Deal's obvious defects, it is surprising in some ways that the United States has no strong Fascist movement or that, in the present international situation, it has not embarked on a chauvinistic crusade. The November elections seem to have committed the United States to the principles of controlled capitalism and placed approval on the principles of democracy and peace. Like Britain and France, the United States has many serious problems. It is confronted with a budget deficit and with excessive unemployment. The housing and farm tenancy problems await solution; it seems threatened with a gigantic labor controversy and with serious administrative and constitutional difficulties. Nevertheless, the democratic process has been strengthened in recent years and is now being used to make capitalism more responsible to the common good.

Despite their brutality and militarism, the dictatorships also are bringing about social transformations. The changes effected in Soviet Russia are well known. During the past year industrial production again showed large increases, while general wages were advanced 22 per cent. Less known are the German social experiments, which are subjecting private enterprise to rigid government control and are diminishing class distinctions. Despite the lowering standard of living, those who conform to the régime —and they include the vast majority of the population—receive certain psychological compensations through the symbolism and skillful propaganda of the government. Moreover, unemploy-

ment has been drastically reduced by increased military service and government expenditure. Young people and agricultural workers have been discharged from factory employment to make way for men with families. Prices as well as wages are fixed; profits are limited directly or by taxation; and industry is being cartellized in certain areas, although emphasis is being placed on small-scale capital and middle-class ownership. The costs of distribution are also being reduced by elimination of the unnecessary middlemen. A land reclamation program larger than that of the Pontine marshes is being carried out along the Netherlands frontier. As a result of activities of the Labor Front, about eleven million workers have been given vacations during the last three years, some of them going as far as the Azores Islands. The Hitler Youth Movement sends a million boys and girls annually to summer camps. In the field of agriculture the Nazi régime is developing an independent middle class of farmers and generally seems to have done more for the peasants than the industrial workers. Altogether, the régime is summoning the nation to a collective effort to overcome the moral lethargy and internal dissension which reached a high point during the last days of the republic. Among the methods chosen for this purpose, it has resorted to brutal attacks upon the Jews, unprecedented militarism and the "war against bolshevism." The Nazi dictatorship is a technique, if unscrupulous and dangerous, of forming a German nation.

The social transformation taking place in Germany, as well as Italy, suffers from two serious defects. As already indicated, the first is that the methods employed in both countries sacrifice human personality and repress the disinterested search for truth. Nevertheless, the three great dictatorships of Europe may command somewhat more sympathy from liberal countries if it is remembered that they are all in the grip of a revolutionary process which throughout history has inevitably involved individual brutality and injustice.

In the second place the social transformation of Germany and Italy, and to a lesser extent of Soviet Russia, is being injured by autarchy and militarism. To overcome a national inferiority complex and develop the military power to wrest concessions from other countries, Germany and Italy have diverted an increasing share of the national income to the unproductive pur-

pose of armament. As a result, the importation of consumers' goods tends to decline, and with it the standard of living. It is a curious paradox that Germany and Italy are the only countries in Europe today which are beginning to liquidate capitalism. Confronted by the increasing burdens imposed by rearmament and autarchy, the Italian and German governments are rapidly extending the arm of government ownership. It is the democracies—in particular those with Socialist Prime Ministers—which are readapting capitalism so that it may survive. Thus M. Blum's resort to devaluation was a capitalistic measure aimed at recovery in accordance with the principles of a liberal economy. In both the democracies and the dictatorships, the social gains of the present era will be made permanent and will increase only if the international problem is solved at the same time, making possible peace and disarmament.

Moreover, in the democratic countries a new sense of the worth of human personality is arising. Since modern dictatorship advances a crude sort of "social justice," many intellectuals, impressed by the sterility of capitalistic democracies, felt for a time that it was necessary to choose between fascism and communism. As the methods of these régimes have gradually unfolded, a profound reaction has set in.[3] What does it matter if the trains run a little more rapidly, if some workers get a free trip to the Azores, or if Soviet Russia produces more coal than France, when individual life is arbitrarily taken as it was in the Zinoviev trials or in the execution of Edgar André in Germany this last summer? The sad plight of the refugees is a monument to the fundamental inhumanity of the dictatorships. The systematic drugging of peoples by distorted propaganda, and the repression of free discussion and the disinterested quest for truth have given new meaning to the value of liberty in democratic countries today.

On the other hand, the success of the dictatorships in winning the support of the masses has led to a widespread movement to readapt liberal institutions to fit modern needs. It has

3. André Gide, who was recently "converted" to communism, writes in *Retour de L'U.R.S.S.:* "I doubt whether in any other country today, even in Hitler's Germany, the spirit is less free, more controlled, more terrorized, and more subject to vassalage [vassalisé]" than in Soviet Russia. (p. 67.) "Nothing like a sojourn in the U.S.S.R. (or in Germany, it goes without saying) can assist us in appreciating the inappreciable liberty of thought which we still enjoy in France, and which we sometimes abuse." (p. 86.)

become evident that societies cannot exist purely on a basis of rationalistic or economic self-interest. They must provide some great unifying principle which responds to the mystic needs of the people.

Today there is deep poverty and misery in a large part of the world; in many Central European countries the working population does not have even the compensations of a Fascist régime. Despite this misery one may glimpse a future world which will not be a Communist Utopia or a classless society, but rather an economic order in which the privileges rising out of birth and inherited wealth will be diminished, and leadership will be inspired less by a desire for private profit than to advance the public good. While private enterprise will probably remain the basis of the economic order, state intervention will be continuous whether for the purpose of reducing the violent fluctuations of the business cycle, or providing a certain minimum in the way of economic security, education, health and working standards. At the same time the future state, as an organ for the redistribution of wealth, will not overlook the fact that wealth must be produced before it can be distributed. It will be assumed that the only material justification for private enterprise is that, through the price mechanism and private initiative, it can produce goods more cheaply and efficiently than the state.

The democracy of the future will realize that good citizenship means something more than food, health and literacy. Under such a democracy, political movements guarding the national interest will do battle with the special interest lobbies, which are the curse of democratic government. An increasing number of people will create and appreciate literature and art, as well as search for the metaphysical realities of existence not revealed by the statistician or scientist. The goal will be not the all-powerful state based on the principle of totalitarian militarism, but a society of free men. The freedom of the future will not be the negative license of the discredited liberalism of the past, but a constructive freedom dominated by a moral purpose.

While the world today may be in transition toward such a goal, the goal itself will not be realized unless the international problem is solved. For if another general war breaks out, it is bound to spread throughout the world, wreaking vast destruction and setting loose social revolution in every country. What-

ever the ultimate form of society emerging from such a war, the production of wealth and development of civilization will be set back centuries. If the world does not solve the international problem, the present transition may prove nothing but permanent chaos. If nations cannot learn to exchange goods, reduce armaments, and organize the world to remove the causes of war, the dream of a new order will evaporate very quickly. In other words, a solution of the social problem cannot be divorced from the problem of war or peace.

V
A NEW PEACE SETTLEMENT

If present world tensions are to be diminished, both economic recovery and political appeasement are necessary. In regard to recovery, there is considerable ground for optimism as far as the democracies are concerned. In certain respects, however, this recovery is precarious, for industrial production and mounting prices have been accelerated by excessive rearmament and by the stimulation of inefficient industries whose existence increases the difficulty of returning to freer international trade. A superabundance of cheap credit in the United States and elsewhere may yet produce an uncontrolled if short-lived boom. Nevertheless, the world is definitely emerging from the worst depression in modern times. The problem is whether nations supporting vast populations on relief or in armament factories can substitute productive employment through the development of more efficient international trade. Can the transition be made from autarchy to some kind of world economy? Undoubtedly it can, if the great powers have the will to overcome vested interests and political fears; the alternative is increased social unrest and the growing danger of war.

The first concerted step on behalf of international recovery came in September when France, Britain and the United States made a monetary agreement. One reason for France's hesitation in devaluing the franc was the fear that this action would be followed by further depreciation of sterling and the dollar, and an increase in foreign tariffs against French exports. The September agreement constitutes a virtual pledge that neither Britain

nor the United States will take advantage of the French devaluation. As a result of "consultation" between the three great equalization funds, fluctuations between the pound, dollar and franc are now kept at a minimum and stabilization of currencies has been advanced.

The realignment of the gold-bloc currencies with sterling and the dollar should have laid the foundation for a concerted attack on the excessive trade barriers which are holding back international recovery. Although France and certain other countries abolished a number of tariffs and quotas in order to control internal price increases following devaluation, the British government made it clear that for the moment it can go no further than the currency accord. Subsequently there was even discussion of a further depreciation of the pound in order to preserve cheap money. If such action is taken, it will disrupt the international monetary accord and be fatal to the good relations of the democratic countries.

The United States is willing to reduce trade barriers still further through the Hull reciprocity program, and desires stable international currencies. Far from supporting such a program, Britain continues to conclude exclusive bilateral trade agreements which makes it difficult, if not impossible, for the United States to make tariff treaties providing for most-favored-nation treatment with third states. A few weeks after Prime Minister Baldwin solemnly insisted that British and American objectives as to the removal of world trade barriers were the same, a British trade agreement was concluded with Argentina imposing even more exclusive trade restrictions than the one which just expired. Until Britain gives up its bilateral agreements earmarking exchange, restoration of world trade seems unlikely. If Britain would take a common stand with America and France, both of whom express a desire to reduce tariffs and restore world trade along liberal, triangular lines, the present ice-jam blocking world recovery might be broken.

Fundamentally, world economic recovery can be advanced and the fear of war removed only if an economic and political settlement takes place between the democracies and the dictatorships. The most difficult and important problem is to bring Germany back to the world economy and to a collective political system. Despite Hitler's mysticism, Germany's needs are funda-

mentally economic. As Dr. Schacht recently stated: "Whether nations get enough to eat with democracy or with fascism is not decisive. What is decisive is that they get enough to eat." If Germany cannot satisfy its economic needs by a system of international exchange, the only alternative is territorial expansion or a continuously sinking standard of living. But Germany can return to the world economy only if its currency is realigned with other currencies and its indebtedness adjusted. Its own trade restrictions and those of other countries must be gradually reduced in favor of low tariffs and most-favored-nation treatment. It is possible that a stabilization loan, or a credit extended jointly by the Bank of England, the Bank of France, and the Federal Reserve Bank, would also be necessary.

In view of the strait-jacket in which the world finds itself, and the over-industrialization of Germany, this liberal solution may not be adequate to meet German needs, at least for the next few years. This is particularly true because Germany cannot consider accepting immediately a trade régime which would permit a flight of capital. Consequently, some form of international planning may have to be devised to meet the German raw material problem. For this purpose an international equivalent of the TVA might be established, by which Germany could build needed public works in certain territories to pay for given quantities of wheat and other materials. Some form of controlled and selected migration, in connection with economic developments, might be worked out with underpopulated countries in the Western Hemisphere and the British Dominions. An international Reconstruction Finance Corporation, backed initially by the British, French and American governments, might guarantee as well as control future private lending to needy states.

Even if the colonies now held under mandate are returned to Germany, they would satisfy only a small part of the Reich's raw material requirements. Nevertheless, colonial concessions by Britain and France will probably be necessary for reasons of prestige. In the present nationalistic period, a power as sensitive as Germany will probably demand colonies so long as other great powers have them, the teachings of *Mein Kampf* notwithstanding. It will be much less dangerous for Germany to waste money on colonies than on armaments!

Obviously a Germany which follows a foreign policy based

on threats and employs its foreign exchange for the ceaseless increase of armaments cannot expect economic or colonial concessions. A world economic settlement is thus dependent on a political arrangement. In return for receiving something from the outside world—and this might include some form of territorial revision justified by national considerations — Germany should agree to an arms reduction agreement, a new Locarno, a western air pact and a return to the League of Nations. It should also accept a constructive settlement for the Danube problem, such as an Eastern Locarno pact. If this cannot be done directly and at once, Germany will have to accept continuance of the French alliances. It would be highly desirable if the propagandist activities of the Nazi party and the Third International were divorced from their respective governments.

There are liberal critics who insist that, because of the nature of the Nazi régime, Hitler cannot afford to reduce armaments or bring Germany back to the world economy. In their opinion, this régime is based on the principle of domination rather than cooperation, and these critics regard as utterly insincere the many offers for an arms agreement which Hitler made after taking office. Such an absolutist attitude which bars the door to negotiations can only lead to increased chaos and eventual war. If the world makes it quite clear that it will resist any German act of aggression, it is reasonable to believe that Hitler will choose a world settlement rather than a declining standard of living. If Hitler could go to his people with a settlement which would mean a higher degree of economic welfare and a lesser degree of political insecurity, obviously the régime would be strengthened. Hitler was strong enough to depart from *Mein Kampf* and the wishes of party leaders in making the 1934 agreement with Poland and that of last July with Austria. Certainly when he is given an opportunity to save Germany from economic disaster, he should be strong enough to abandon autarchy and militarism in favor of an international settlement. It is only through such a settlement that the excesses of the dictatorship may be reduced.

Should Germany refuse to make concessions during the next year or so, the one alternative solution for the threatened powers is to maintain their diplomatic and military unity, while concerting their activity on behalf of further international recovery. If the monetary accord concluded last September could be fol-

lowed by a tripartite tariff accord mutually lowering the tariffs and other trade barriers of Britain, France and the United States—open to the adhesion of other states willing to eliminate excessive trade barriers—world trade would be markedly advanced. Through this and other measures, the standard of living in democracies should continue to rise, while that in Germany and Italy—weakened by autarchy and exaggerated military expenditures — steadily declines. As the contrast between the force of democracies and the weakness of dictatorships increased, strong pressure would inevitably be exerted on Germany and Italy in favor of a settlement with the world.

The extent of this pressure, however, depends on whether the rapidly rearming democracies will continue to hesitate over the question of resisting German aggression. If Britain and France give the impression of being interested only in the western frontier and the United States only in "neutrality," Germany may feel it has more to gain from a settlement imposed forcibly on Central Europe and the Soviet Union than a settlement by negotiation and agreement.

VI
ISOLATED AMERICA?

With the collapse of world peace machinery and the rise of military dictatorship abroad, the advance of isolationist sentiment in the United States has been inevitable. Nevertheless, the Roosevelt Administration has given two striking examples of international cooperation—a foreign trade program and a pan-American policy. In many ways it is remarkable that, in an era of unprecedented nationalism, a highly protectionist country such as the United States should lead a world movement to secure tariff reduction. But this program cannot succeed until the fear of war is reduced, for nations will not trade freely with each other today if tomorrow there is danger they may fight. If President Roosevelt wishes to assure the success of the foreign trade program, he must do something effective toward solving the problem of world political confidence.

With Latin America the present administration has created perhaps the friendliest relationship that has ever existed in American history. At the Buenos Aires conference in December

1936 a number of concrete steps to improve American peace machinery were taken. Conventions were adopted providing for "consultation" among the American states in the event of (1) a threat to the peace of the American republics, (2) any war between two American states, (3) an international war outside America, and (4) an intervention in the internal affairs of any American country. In case of an inter-American conflict, the American republics shall through consultation "immediately endeavor to adopt in their character as neutrals a common and solidary attitude," and they may consider the imposition of arms and loans embargoes against the belligerents in accordance with domestic legislation and League obligations.

In an era torn by international dissension, the Buenos Aires accords represent no mean achievement. The American nations have reiterated their belief in the principles of international organization, while avoiding the danger of the development of an inter-American bloc directed against the world. Undoubtedly the United States made the greatest sacrifices at this conference. For the first time it consented to a "consultative" pact for the Americas, agreed in effect to continentalize the Monroe Doctrine, and accepted machinery which will operate to check any intervention in the Caribbean. In accepting amendments to its original neutrality proposal, the United States proved that it had no desire to weaken the ties of Latin America with the League.

If America is realistic, however, it will not exaggerate the achievements at Buenos Aires. The relative success of this conference has had no effect on the underlying tensions driving the world to war and, since the agreements do not define the attitude of the Americas to non-American conflicts, they constitute little insurance that they will not be drawn into a world war if it comes. It was significant that an actual dispute, such as that over the Chaco, was carefully excluded from the Buenos Aires agenda, and that the private diplomatic effort to secure agreement over the Chaco proved a failure. Confronted by the type of dispute which may be duplicated many times in Europe and Asia, Buenos Aires accomplished nothing.

Meanwhile, public opinion is unanimously declaring that the United States must not be drawn into another European war. One may sympathize with the sentiment while admitting that the task of keeping the United States out of such a war may

prove extremely difficult. If the next war finds the democracies of France and Britain pitted against Nazi Germany, Fascist Italy and militaristic Japan, the cry of keeping the world safe for democracy will again make itself heard. The American belief in democracy and the hatred of fascism in many circles may give rise to a strong demand in favor of entering a war on the side of the democratic powers if they should be in danger of being overwhelmed by Fascist opponents. Should Paris and London be destroyed by bombing planes and poison gas, and the civilization of European democracies be threatened by totalitarian states, would it be possible to "quarantine" American opinion so that it will remain completely "neutral?"

Furthermore, many Americans may come to believe that if the Fascist states and Japan succeed in dominating Europe and the Orient, these states will inevitably turn greedy eyes on the Western Hemisphere—Latin America or even Canada—and thus injure the vital interests and security of the United States. Thinking individuals might declare that even if Britain or France went down to defeat, there would be little possibility that the victor would seize Canada, and that the United States should do nothing until Canada was threatened by invasion. An emotional public, however, is more likely to demand action to prevent such a danger from coming into existence.

During the past two years, an interesting debate has taken place over the reason for the United States' entrance into the World War. A view popular among liberals is that it did so to protect the profits from an abnormally swollen war trade with the Allies. Other leading Americans who were active during the war period deny this Marxian interpretation and declare that the United States entered the war because of the German submarine policy. The truth probably lies between the two contentions. Undoubtedly, as Woodrow Wilson's biographer[4] points out, it became extremely difficult to follow a really neutral course in diplomacy once the war trade had come into existence. Nevertheless, had President Wilson asked Congress in 1917 to declare war against Imperial Germany for the purpose of protecting the war profits, he probably would not have received five votes. Before it would declare war, Congress had to have a moral issue.

4. Ray Stannard Baker, *Woodrow Wilson, Life and Letters; Neutrality, 1914-1915* (New York, Doubleday Doran, 1935), Vol. V, pp. 181 ff.

This issue was provided not only by the submarine, but by the invasion of Belgium, the sinking of the *Lusitania,* and the growing belief that a German victory would constitute a threat not only against liberal institutions in Europe, but to the security of the United States.

The so-called neutrality legislation of 1935-1936, prohibiting the export of munitions and extension of loans to belligerents, may reduce the economic incentive to enter the next war but can have little effect on the moral and humanitarian emotions of the American people; the legislation fails moreover to take into account the fact that a defeat of Britain and France might severely endanger the defenses of all the American nations.

If most peace societies have their way and Congress adopts legislation during this session imposing mandatory embargoes on all exports to belligerents, the Hull trade policy undoubtedly will be seriously jeopardized because the great powers will not increase their trade ties with the United States in peace time if they cannot rely on this market in time of war. Such a "neutrality" policy will thus increase the trend toward autarchy and encourage every power to build up its own munitions industry. What is even more serious, such a policy will probably bring the United States into the next war even more rapidly than it went into the last. A mandatory embargo policy will inevitably weaken Britain and France, which are dependent for raw materials on an overseas trade, and thus assist Germany which is already on a war economy. From the point of view of national interest, the United States should adopt a policy which, while reducing the likelihood of involvement in a war over commercial disputes, will not precipitate the defeat of powers whose civilization means much to it—for despite the rise of dictatorship, Europe remains the world's greatest source of culture—and whose geographic position and military strength constitute a shield against invasion of the Western Hemisphere.

If a League of Nations existed in fact today, the solution would be to give the President discretion to cooperate with it in imposing economic sanctions against an aggressor. But with the League's temporary eclipse and the return of power-politics, this type of discretion may be out of the question for the time being. The only sound "neutrality" policy for the United States during the present transitional period should be based on a "cash

and carry" policy. Under this principle any belligerent may be allowed to buy war materials in the United States in return for cash and provided he carries them away in his own vessels. Thus the American government would avoid the old disputes with regard to neutral rights and freedom of the seas. At the same time, the President should be given discretion to impose an embargo on the export of munitions in peace time to a state obviously preparing an aggressive attack. Finally, it would be highly desirable, as a provisional measure for two years, to grant the President permissive authority to impose an embargo on raw materials, applicable without distinction to all belligerents. With such discretion the President could adapt his foreign policy in a given emergency so as best to advance American interests.

For example, in a war between China and Japan, it would obviously be contrary to the American Far Eastern policy and sense of justice to impose a munitions and loans embargo on both belligerents, for such an embargo would work to the interests of a militarized Japan. This injury would be nullified, however, if in addition the President imposed an embargo on raw materials destined to both parties, for Japan is much more dependent on oil and cotton from the United States than China. As far as Europe is concerned, a munitions and loan embargo would not fatally injure Britain and France, who are already self-sufficient in the production of munitions. In the event of a European war, however, the interests of the United States would be best served if the President imposed no embargo on raw materials. Owing to its lack of exchange and sea power, Germany could not in any circumstances buy in the United States, although Britain and France have enough gold and securities in America—probably five billion dollars—to finance purchases of raw materials for a long time. It is not possible to formulate an embargo policy which will affect all foreign powers equally. The mandatory embargo policy works to the advantage of Germany; the "cash and carry" policy to the interest of Britain and France. Until we are ready to participate in a new effort at collective security, it will be necessary to choose between these two provisional policies; and our choice should be guided by a consideration of American interests.

Although a "cash and carry" policy may be accepted as a provisional compromise, it merely postpones a final decision as to

what kind of relationship the United States should establish with the outside world—and that decision cannot be postponed very long.

Despite a professed desire for neutrality legislation, the United States today is spending more than Britain on naval, military and air forces, all of which are organized for offensive purposes. The American government does not propose to sign any agreement recognizing the hegemony of Japan in the Orient or agreeing to naval parity with Tokyo. There is a strong undercurrent in favor of protection of the Philippines by the United States for an indefinite period. An American General, assisted by other officers, is serving as military adviser to the Philippine Commonwealth, where military conscription has been introduced. Although a few years ago strategists assumed that the United States could not defend the Philippines on the outbreak of war, a number now believe that this is possible because of the new factor of air power, assisted by a local army and a strong American navy.

The United States is also prosecuting a trade policy which aims at increasing its economic ties. Both President Roosevelt and Secretary Hull have repeatedly professed their support of liberalism and democracy everywhere, asserting that the economic welfare of the United States is bound up with that of the rest of the world, and admitting that America cannot but be seriously affected by another general war even if technically it remains neutral.

These facts indicate that the United States does not intend to withdraw from the world. It is building up a powerful military establishment with much less idea of how to use this vast power than Britain or France. The rearmament policy of the United States could be defended if it were accompanied by a constructive foreign policy to cooperate with other powers in maintaining a united front against aggression and removing underlying pressures working toward war. Thus a policy of joint military pressure on the part of the United States, Britain, the Soviet Union and France might soon bring Japan into a new Washington Conference. American initiative on behalf of an economic and disarmament conference, limited initially to six or seven great powers, might break the existing deadlock in Europe. The Washington conference of 1921 proved that a disarmament con-

ference can succeed only if it deals, indirectly at least, with political issues. Until a political understanding is reached between Germany and the outside world, no economic concessions or arms reduction are possible. President Roosevelt, occupying a unique position as a world statesman, may hasten such an understanding if he is willing to assume certain responsibilities. While no one expects the United States to guarantee any European boundary lines, it will have to be made clear that this government will oppose any European act of aggression to the extent of shutting off war materials to the aggressor and of acquiescing in League sanctions along the lines outlined by Ambassador Norman Davis in his declaration of May 1933. The advantages gained from such a course would be destroyed, however, if the United States stopped the shipment of raw materials to all belligerents.

If the Roosevelt Administration, because of isolationist sentiment in the Senate or the sweeping embargo proposals of many pacifists, is unwilling to assume the responsibilities involved in a diplomatic initiative, it can merely continue a policy of watchful waiting, hoping that Britain and France may reach a political understanding with Germany which will make possible the realization of American desires with regard to world trade and disarmament. This hope may in the end prove vain, for Europe may be so evenly divided that only outside mediation can break the present deadlock.

Meanwhile the administration, if it realizes the political issues involved, will not make any exclusive commercial agreement with Germany or debt settlement with Italy without first consulting France and Britain. For if the two Fascist dictatorships should succeed in obtaining economic concessions from the United States, divorced from any political settlement, they might feel encouraged to resist British and French advances on behalf of a negotiated peace.

Today the world is in one of its transitional periods which inevitably involves great danger. This period is marked by an effort to liquidate the unequal provisions of the peace treaties imposed on Germany and the other defeated powers at the end of the war. In addition to this struggle, the world is confronted with acute international tensions arising out of the social transformations taking place in every country, and the breakdown of

the old capitalist order. If this transformation is successfully completed, the result will not be a Utopia, but it will be a better world, both from the point of view of economic stability and a more balanced standard of living. These movements for the liquidation of the unequal treaties and for social transformation represent fundamentally optimistic trends, if peace can be maintained.

Although a European settlement is by no means impossible, the American public has been led to believe that a general war is inevitable, no matter what policy the democracies adopt, and that there is a shelter in the "new neutrality." The proposals on behalf of mandatory embargoes would weaken international organization, sacrifice weak countries to aggressor states, and injure the struggle of liberalism to survive. All these results are fundamentally opposed to American character as expressed in the past, yet a policy producing such results has today become popular. If put into effect, the policy will probably break down even more rapidly than in Jefferson's time, especially since it also threatens the security and economic welfare of the United States. America cannot run very far from the international problem because there is no place to go; some day our conscience may revolt at a policy of retreating before international wrongdoing. If America cares about a civilization aimed at the full development of personality, rather than totalitarian power, it will not wish to contribute to the overthrow of this civilization in other countries. Eventually, we may learn that in the present technological era it is impossible for this or any nation to exist as an island of sanity in a world-sea of chaos. Some day we may assist in an effort to organize the world on a basis of justice and order—not for humanity's sake, but for our own best interests.

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